

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 TRSE-00 AID-20 NSC-10 RSC-01

CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

RSR-01 /126 W

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R 231556Z AUG 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9076

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E.O. 11652: NA

TAGS: EFIN IMG IBRD KE

SUBJ: IMF/IBRD ANNUAL MEETINGS

REF: STATE 159015

M BEGIN SUMMARY: COLOMBIAN DELEGATION TO THE
FUND/BANK ANNUAL MEETINGS IN NAIROBI IS NOT LIKELY
TO RAISE SUBSTANTIVE ISSUES WITH EITHER THE USEL
OF IMF/IBRD OFFICIALS. MISSION AT THIS TIME
BELIEVES NO ISSUES SHOULD BE RAISED WITH COLOMBIAN
DELEGATION. LIONEL TORRES, ADVISOR TO THE MONETARY
JUNTA IS OPTIMISTIC THAT FUND/BANK MEETINGS WILL
RESULT IN COMPROMISE AGREEMENT ON GENERAL DIRECTIONS
OF MONETARY REFORM. HE DOES NOT ANTICIPATE THAT
MONETARY REFORM WILL BE PARTICULARLY HELPFUL TO
COLOMBIA. END SUMMARY

2. FINATT WAS INFORMED BY LIONEL TORRES , ADVISOR
TO THE MONETARY JUNTA THAT THE COLOMBIAN
DELEGATION TO THE NAIROBI FUND/BNK MEETING IS NOT
LIKELY TO RAISE ANY IMPORTANT ISSUES WITH EITHER
THE US DELEGATION OR WITH IMF/IBRD OFFICIALS.
TORRES PROMISED TO NOTIFY THE EMBASSY OF ANY
CHANGES IN GOC PLANS. IN ADDITION THE MISSION
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BELIEVES THERE ARE NO ISSUES OF MAJOR IMPORTANCE

RELATING TO ACTIVITIES OF THE FUND OR BANK WHICH
USDEL SHOULD RAISE WITH THE GOC DELEGATION.
COLOMBIAN DELEGATION WILL CONSIST OF THE FINANCE
MINISTER ECHAVARRIA, MANAGER OF THE CENTRAL BANK
BOTERO DE LOS RIOS, FORMER FINANCE MINISTER
LLORENTE AND MONETARY ADVISOR LIONEL TORRES.

3. TORRES STATED THAT HE ANTICIPATES THAT
SIGNIFICANT PROGRESS ON MONETARY REFORM WILL BE
MADE AT THE FUND/BANK MEETINGS BECAUSE THE US
WILL HAVE TO ACCEPT COMPROMISES SINCE OUR
POSITIONS ON THE ROLE OF RESERVE INDICATORS IN
THE ADJUSTMENT PROCESS AND THE UNDESIRABILITY
OF THE AID/SDR LINK HAVE BECOME ISOLATED. TORRES
DID NOT OFFER HIS OBSERVATION ON OTHER KEY
ASPECTS OF THE REFORM PACKAGE SUCH AS
CONVERTABILITY OR THE ROLE OF GOLD. HOWEVER, HE
DID MENTION THAT A REORGANIZATION OF
STRENGTHENING OF THE FUND MANAGEMENT TO ADMINISTER
THE NEW MONETARY SYSTEM IS NOT LIKELY TO
BE BENEFICIAL TO COLOMBIA.

4. ALTHOUGH TORRES ADMITTED THAT A STABLE
MONETARY SYSTEM WOULD STIMULATE INCREASED WORLD
TRADE WHICH WOULD BENEFIT COLOMBIA, HE DID NOT
SEE ANY PARTICULAR BENEFIT TO LDCS FROM MONETARY
REFORM. HE VIEWS THE SUBSEQUENT ADOPTION OF AN
AID/SDR LINK AS ONLY A MORAL VICTORY FOR THE
LDCS. GIVEN THE LARGE LIQUIDITY OF DOLLARS THAT
EXISTS NOW, TORRES DOUBTS WHETHER SDRS FOR AID
PURPOSES WOULD BE ALLOCATED WITHIN FIVE YEARS. IN
ANY EVENT HE DOUBTS IF COLOMBIA WOULD USE SDRS
FOR DEVELOPMENT PURPOSES SINCE THE INTEREST COSTS OF
THE SDR IS LIKELY TO EXCEED THE AVERAGE LENDING
TERMS CURRENTLY OFFERED TO COLOMBIA. TORRES WOULD
JUDGE REAL PROGRESS FOR LDCS IF THE PRINCIPAL OF
MORE NET RESOURCE TRANSFERS TO LDCS WAS ADOPTED
AND SPECIFIC METHODS OF IMPLEMENTATION WERE
DISCUSSED WITHIN THE CONTENT OF MONETARY REFORM.
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